



CASH COLLECTIONS POLICY

Table of Contents

1. Objectives.....	5
2. Legislative framework.....	5
3. Principles.....	5
4. Handling of physical cash collections.....	6
4.1 Cash Transactions Capturing.....	6
4.2 Receipting.....	7
4.3 Day-end balancing/ Shift-end balancing.....	7
4.4 Banking.....	8
4.5 Cash books and Bank Reconciliation	9
4.6 Security of Cashiers and Cash.....	9
5. Approval of the policy	10

PREAMBLE

Whereas Section 64 of the Municipal Finance Management Act, No. 56 of 2003 requires the municipality to collect revenue for services consistent with Section 95 of the Local Government: Municipal Systems Act, No. 32 of 2000, a municipality must take reasonable steps to ensure:

- Revenue is calculated on a monthly basis;
- The municipality has and maintains a management, accounting and information system which:
 - a) Recognises revenue when earned;
 - b) Accounts for debtors; and
 - c) Accounts for receipts

Now therefore the Council of uThukela District Municipality (UDM) has adopted the Cash Collections Policy as set out hereunder: -

DEFINITIONS

“Chief Financial Officer”: means the person appointed by the municipality as Chief Financial Officer of UDM in terms of Section 56 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

“Municipal Manager”: means the person appointed by the Municipality as the Municipal Manager of UDM in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person acting in such position and to whom the Municipal Manager has delegated a power, or function or duty.

“Council”: means the Council of UDM.

“Customer”: means any occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if there is no occupier, the owner of the premises and or recipient and or consumer of various services rendered by the municipality. A customer will therefore be deemed a customer by virtue of receiving, consuming and or utilising any facility, equipment, service rendered by the municipality and or a municipal entity or agent as appointed by the municipality;

“Cashier”: means the person appointed, whether temporarily or permanently, by the municipality as Cashier of UDM.

“Chief Cashier/ Supervisor”: means the person appointed, whether temporarily or permanently, by the municipality as Chief Cashier/ Supervisor of UDM.

1. Objectives

The objectives of the policy are to:

- 1.1 Lay down rights, responsibilities, duties and obligations of Chief Cashiers, Cashiers Revenue Manager, Chief Financial Officer and everyone handling cash;
- 1.2 Provide a framework within which the municipal council can exercise its executive and legislative authority regarding cash collection;
- 1.3 Set out business rules in the process of collecting all monies due and payable to the municipality;
- 1.4 Assist in setting realistic targets for debt collection.

2. Legislative framework

The Policy is based on the following legislation:

- The Constitution of the Republic of South Africa Act, Act No. 108 of 1996 (Section 27)
- Municipal Systems Act, Act No. 32 of 2000.
- Municipal Finance Management Act, Act No. 56 of 2003

3. Principles

- 3.1 The administrative integrity of the municipality's cash collection must be maintained. The democratically elected officials (Councillors) are responsible for policymaking, while it is the responsible of the Municipal Manager to execute these policies.
- 3.2 Billing is to be accurate, timeous and understandable.
- 3.3 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.4 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 3.5 Enforcement of payment must be prompt, consistent and effective.
- 3.6 Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- 3.7 Incentives and disincentives may be used in collection procedures.

3.8 The collection process will be cost-effective.

3.9 Collection 'Best Practices' will be pursued.

3.10 Results will be regularly and efficiently reported.

3.11 There must be legal cause between the municipality and its customer; and customer debt must arise out of a legal framework and must be legally collectable.

4. Handling of physical cash collections

4.1 Cash Transactions Capturing

4.1.1 No transaction may be captured unless it is an **authentic transaction**, and/ or it is captured from an **original, authorised or prescribed form (if any form has to be completed)**; all required documents are attached and/ or required signatures are appended. Processing incomplete documents is **strictly prohibited**.

4.1.2 Only transactions that are received through an official **point of entry/ receiving** may be processed.

4.1.3 No **single** transaction may be captured by **2 or more persons** using the same username and password, i.e. where one starts and other(s) complete. The person who started a transaction **must** complete the particular transaction. A transaction may be captured by 2 or more persons when such persons are performing different activities/ functions.

4.1.4 All required details/ fields must be captured **correctly** and in **full**. Selecting **wrong options** is wrong capturing.

4.1.5 A Supervisor/ Chief Cashier may NOT capture transactions or perform Cashier functions, unless it is a temporary arrangement, authorised by an official with such powers, and no cashier is available at that point.

4.1.6 **NO** one may continue working on someone else's open session, whether the person is present or not. That is, an open session has to be closed, and a new session opened.

4.2 Receipting

- 4.2.1 Only CASHIERS may receipt payments, NOT Supervisors. Supervisors/ or any other official may only receipt cash where an official, temporary arrangement is made.
- 4.2.2 Revenue Manager or Chief Financial Officer may grant **temporary access** in **emergency** situations. Where there is no Chief Financial Officer or Revenue Manager, the Municipal Manager may grant rights to access receipting systems in writing.
- 4.2.3 An official record of people receipting cash must be kept and those not authorised to handle cash may not do so unless they can prove that they did that in the best interest of the municipality. Such must be reported in writing.
- 4.2.4 No cash/ payment may be accepted **if transaction is not captured or recorded**. Advance payments may only be made into designated accounts of the municipality, and should be accounted for separately.
- 4.2.5 All bank notes must be tested for **authenticity** before accepting them.
- 4.2.6 All cash and cheques received must be counted before accepting.
- 4.2.7 An **official receipt** (electronic or manual) must be issued for all monies/ payments received.
- 4.2.8 **No payment arrangements** can be made. Credit is strictly **prohibited**.

4.3 Day-end balancing/ Shift-end balancing.

- 4.3.1 The day-end/ shift-end balancing is **compulsory** for each Cashier. No Cashier may leave premises until daily balancing is complete.
- 4.3.2 Cashiers may not balance themselves; they receive, count and surrender all cash and slips to Supervisors/ Chief Cashiers, who do the balancing with them. This provision is not applicable where there is no Supervisor for the day.
- 4.3.3 The Chief Financial Officer, Revenue Manager or any manager authorised by the CFO may balance Cashiers where there is no Supervisor/ Chief Cashier.
- 4.3.4 If an error is done, a journal must be posted by an **independent person** to correct the error not the Cashier.
- 4.3.5 Once deposit slips are completed and money is in the sealed money bag, the bag **may not** be opened. It can only be opened only when investigating/ correcting an error, in the presence of 2 persons.

- 4.3.6 The return showing monies deposited using the Supervisor card, allocating deposits to specific Cashiers must be maintained.
- 4.3.7 All cash and card payments received in a walk-in centre must be allocated to a Cashier.

4.4 Banking

- 4.4.1 Where a cash deposit machine is used, under no circumstances may machine deposit cards be shared. Card sharing is **strictly prohibited**.
- 4.4.2 Lost cards must be reported **within 24 hours** to the appropriate official.
- 4.4.3 Only a Supervisor card should be used in **emergency situations**. A log of use of Supervisor card must be kept.
- 4.4.4 The log for Supervisor card usage must be submitted to the Revenue Manager by the Supervisor every month end i.e. by last day of every month.
- 4.4.5 Cashiers **may not keep** more than R5000 in tills. All notes must be banked promptly in cash machines or safe or at the earliest opportunity.
- 4.4.6 Depositing money in a wrong machine or safe is **strictly prohibited**.
- 4.4.7 If machines are not working, or not installed at a particular site, cash must be surrendered to the Supervisor/ Chief Cashier who must deposit cash in a safe for collection in the presence of Cashier.
- 4.4.8 All notes not banked in the machines due to machines not working must be deposited with coins no later than the following day or earliest possible day. All record of all monies deposited, allocating each cent to a Cashier must be maintained.
- 4.4.9 The Supervisor must compile a return allocating mass deposit to respective Cashiers where cash by different cashiers is lumped together.
- 4.4.10 All cash not deposited must be locked in a safe and **spot checks** should be done regularly by Revenue Manager/ Accountant or any person authorised to do so by the Chief Financial Officer/ Municipal Manager.
- 4.4.11 All cash receipts must be banked within 24 hours of receipt, except where it is considered uneconomical or bank services are not available.
- 4.4.12 Roll-overs of cash are **strictly prohibited** or failure to bank while it possible to do so is prohibited.

4.5 Cash books and Bank Reconciliation

- 4.5.1 The municipality shall maintain a professional cash book or cash books which are a detailed account of all cash received and transferred/ paid.
- 4.5.2 The daily bank reconciliation shall be done by the person assigned and should be checked and signed by the Accountant/ Revenue Manager/ CFO after satisfying himself or herself that appropriate action has been taken to resolve discrepancies.
- 4.5.3 By the 7th of the following month a final bank reconciliation statement shall be compiled and signed off by the Accountant/ Revenue Manager/ CFO.

4.6 Security of Cashiers and Cash

- 4.6.1 Each Cashier must operate within a designated Cashier booth.
- 4.6.2 Each Cashier booth must have a unique lock and must be locked at all times.
- 4.6.3 Each cashier booth must be equipped with a highly secured till drawer and equipped with secured glass in the front that will prevent anyone from sneaking in a hand. Tills must be equipped with unique locks or be automated.
- 4.6.4 Cash office must be equipped with a high security safe, or cash deposit machines where cash will be kept.
- 4.6.5 Access to cashiers must be limited to those with authority. The cashier booths **may not** be accessible to the **public**.
- 4.6.6 All areas that handle cash may **not** open windows.
- 4.6.7 Asset security should be handled in conformity with **the municipality's asset management policy**.
- 4.6.8 **NO** official may be given access to safe or cash deposit machines except Supervisors, Cashiers, Revenue Manager and Chief Financial Officer.
- 4.6.9 **Only authorised personnel may access cash area and safes. Authority to access cash areas by other staff who are not cash employees may only be granted by the Chief Financial Officer or Revenue Manager. The Chief Financial Officer and Revenue Manager have automatic authority to access all cash areas.**
- 4.6.10 Cash areas must be limited-access areas, sufficiently secured such that the public and other staff are unable to access.

5. Approval of the policy

.....

Municipal Manager

uThukela District Municipality

.....

Date

.....

Executive Mayor

uThukela District Municipality

.....

Date

COUNCIL RESOLUTION NUMBER _____